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United Nations pension system

Report of the Fifth Committee

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I. Introduction

1. At its 2nd plenary meeting, on 21 September 2012, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-seventh session the item entitled "United Nations pension system" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the item at its 10th and 22nd meetings, on 24 October and 24 December 2012. Comments and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/67/SR.10 and 22).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the United Nations Joint Staff Pension Board on its fifty-ninth session (A/67/9);

(b) Report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and measures undertaken to increase diversification of the United Nations Joint Staff Pension Fund (A/C.5/67/2);

(c) Related report of the Advisory Committee on Administrative and Budgetary Questions (A/67/525).

4. At the 10th meeting, on 24 October, the Chair of the United Nations Joint Staff Pension Board introduced the report of the Board (see A/C.5/67/SR.10).

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II. Consideration of draft resolution A/C.5/67/L.9

5. At its 22nd meeting, on 24 December, the Committee had before it a draft resolution entitled "United Nations pension system" (A/C.5/67/L.9), submitted by the Chair on the basis of informal consultations coordinated by the representative of Switzerland.

6. At the same meeting, the Committee adopted draft resolution A/C.5/67/L.9 without a vote (see para. 7).

III. Recommendation of the Fifth Committee

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

United Nations pension system

The General Assembly,

Recalling its resolutions 63/252 of 24 December 2008, 65/249 of 24 December 2010 and section V of its resolution 66/247 of 24 December 2011,

Having considered the report of the United Nations Joint Staff Pension Board for 2012,[1] including the financial statements of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 2011, the audit opinion and report of the Board of Auditors thereon, the information provided on the internal audits of the Fund and the observations of the Board and of the Audit Committee, the report of the Secretary-General on the investments of the Fund and measures undertaken to increase diversification[2] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[3]

1. *Takes note* of the report of the United Nations Joint Staff Pension Board for 2012,[1] in particular the actions taken by the Board as set out in chapter II.B of the report;

2. *Endorses* the recommendations of the Advisory Committee on Administrative and Budgetary Questions,[3] subject to the provisions of the present resolution;

Actuarial matters

3. *Notes with deep concern* the results of the actuarial valuation of the United Nations Joint Staff Pension Fund, which revealed a deficit of 1.87 per cent of pensionable remuneration as at 31 December 2011, which was the Fund's second actuarial deficit following that of 0.38 per cent of pensionable remuneration as at 31 December 2009 and in this regard emphasizes the need to make every effort to address the actuarial situation of the Fund to ensure its long-term sustainability;

4. *Emphasizes* the importance of the United Nations Joint Staff Pension Fund meeting its target annual real rate of return of 3.5 per cent over the long term;

5. *Welcomes* the decision of the United Nations Joint Staff Pension Board to establish a working group to consider possible measures to ensure the long-term sustainability of the Fund, and looks forward to receiving information on the group's findings and recommendations in the context of future reports of the Board;

[1] *Official Records of the General Assembly, Sixty-seventh Session, Supplement No. 9* (A/67/9).
[2] A/C.5/67/2.
[3] A/67/525.

Financial statements of the United Nations Joint Staff Pension Fund and report of the Board of Auditors

6. *Notes* that the Board of Auditors issued an unqualified audit opinion on the financial statements of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 2011;[4]

7. *Also notes* the improved status of implementation of the recommendations of the Board of Auditors by the United Nations Joint Staff Pension Fund;

8. *Further notes* the progress made by the United Nations Joint Staff Pension Fund in the implementation of the International Public Sector Accounting Standards;

Benefit provisions and pension adjustment system

9. *Notes* the advice of the consulting actuary and the Committee of Actuaries of the United Nations Joint Staff Pension Fund that, given the serious impact that increased longevity has had on the actuarial situation of the Fund, raising the Fund's normal retirement age to age 65 would help to improve the actuarial situation of the Fund;

10. *Authorizes* the United Nations Joint Staff Pension Board to increase the normal retirement age to 65 for new participants in the Fund, with effect not later than from 1 January 2014, unless the General Assembly has not decided on a corresponding increase in the mandatory age of separation;

11. *Concurs*, in accordance with article 13 of the Regulations of the United Nations Joint Staff Pension Fund and with a view to securing continuity of pension rights, with the new transfer agreements of the Fund with the Organization for the Prohibition of Chemical Weapons and the African Development Bank, as approved by the United Nations Joint Staff Pension Board and set out in annex XIV to the report of the Board for 2012, which will become effective 1 January 2013;

12. *Approves* new article 45 *bis*, as set out in annex XI to the report of the United Nations Joint Staff Pension Board, which allows the Fund, in very specific circumstances, to pay a portion of a retiree's benefit directly to the retiree's former employing organization towards making restitution to the organization in cases where amounts had been embezzled by the staff member from the organization;

13. *Also approves* the technical changes in the Regulations of the United Nations Joint Staff Pension Fund and the pension adjustment system in accordance with past decisions and amendments adopted by the United Nations Joint Staff Pension Board and the General Assembly, as set out in annexes XI and XIII, respectively, to the report of the Board;

14. *Takes note* of the amendments to the Administrative Rules of the United Nations Joint Staff Pension Fund, as set out in annex XII to the report of the Board, to refine the Administrative Rules and align them with the Regulations of the Fund;

[4] See *Official Records of the General Assembly, Sixty-seventh Session, Supplement No. 9* (A/67/9), annex X.

15. *Recalls* paragraph 21 of the report of the Advisory Committee on Administrative and Budgetary Questions,[3] and in this regard stresses that any consideration by the United Nations Joint Staff Pension Board of a medical standard for participation in the Fund should be in full compliance with the relevant provisions of General Assembly resolution 66/229 of 24 December 2011 on the Convention on the Rights of Persons with Disabilities and the Optional Protocol thereto;

Investments of the United Nations Joint Staff Pension Fund

16. *Takes note* of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund[2] and measures undertaken to increase diversification and the observations of the United Nations Joint Staff Pension Board, as set out in its report;

17. *Recalls* its resolution 33/121 B of 19 December 1978;

18. *Requests* the Secretary-General, as fiduciary for the investment of the assets of the Fund, to continue to diversify its investments between developed, developing and emerging markets, wherever this serves the interests of the participants and the beneficiaries of the Fund, and also requests the Secretary-General to ensure that decisions concerning the investments of the Fund in any country are implemented prudently, taking fully into account the four main criteria for investment, namely, safety, profitability, liquidity and convertibility, under the current volatile market conditions;

19. *Encourages* the Secretary-General, as fiduciary for the investment of the assets of the Fund, to continue to explore prospects in all markets, taking into account risk-return profiles and always applying sound risk management techniques, and taking fully into account the four main criteria for investment of the Fund.